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**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

SEC FILE NUMBER
8-65456

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/2017 AND ENDING 12/31/2017  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: **Commonwealth Pharma Securities, LLC**

OFFICIAL USE ONLY
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

**33 Broad Street**

(No. and Street)

Boston  
(City)

MA  
(State)

02109-4230  
(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Peter F. Flynn

(617)367-0099

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

**Morris & Morris, P.C.**

(Name - if individual, state last, first, middle name)

**32 Kearney Rd**

**Needham**

**MA**

**02494**

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

<b>FOR OFFICIAL USE ONLY</b>

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

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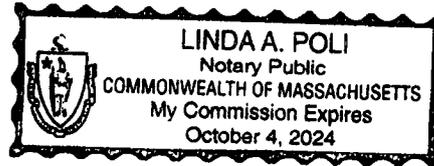
OATH OR AFFIRMATION

I, Peter Flynn, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Commonwealth Pharma Securities, LLC of December 31, 2017, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

[Handwritten Signature]
Signature

CCO
Title

[Handwritten Signature: Linda A. Poli]
Notary Public



This report \*\* contains (check all applicable boxes):

- (a) Facing Page.
(b) Statement of Financial Condition.
(c) Statement of Income (Loss).
(d) Statement of Changes in Financial Condition.
(e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
(f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
(g) Computation of Net Capital.
(h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
(i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
(j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
(k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
(l) An Oath or Affirmation.
(m) A copy of the SIPC Supplemental Report.
(n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

On this 28th day of February 2018 appeared before me Peter F Flynn, known to me, and acknowledged that he signed it voluntarily for the stated purpose.

**COMMONWEALTH PHARMA SECURITIES, LLC**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**Year Ended December 31, 2017**

## **TABLE OF CONTENTS**

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM	1-2
FINANCIAL STATEMENTS	
Statement of Financial Condition	3
Statement of Operations	4
Statement of Changes in Member's Equity	5
Statement of Cash Flows	6
Notes to Financial Statements	7-9
SUPPLEMENTAL SCHEDULES	
Computation of Net Capital Pursuant to Uniform Net Capital Rule 15c3-1	10
Report of Independent Registered Public Accounting Firm on Exemption Under Rule 15c3-3	11
Exemption under Rule 15c3-3	12

**MORRIS  
MORRIS, P. C.**  
CERTIFIED PUBLIC ACCOUNTANTS

Report of Independent Registered Public Accounting Firm

February 27, 2018

**TO THE DIRECTORS AND EQUITY OWNERS OF  
COMMONWEALTH PHARMA SECURITIES, LLC**

33 Broad St, Suite 1100  
Boston, MA 02109

*Opinion on the Financial Statements*

We have audited the accompanying statement of financial condition of Commonwealth Pharm Securities, LLC (the "Company") as of December 31, 2017, the related statements of operations, changes in member's equity, and cash flows for the year then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017, and the results of its operations and its cash flows for year then ended, in conformity with accounting principles generally accepted in the United States.

*Basis for Opinion*

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

32 Kearney Road • Needham Heights, MA 02494 • (781) 455-6900 • Fax (781) 455-6902



The CPA. Never Underestimate the Value.<sup>SM</sup>

Report of Independent Registered Public Accounting Firm  
(Continued)

TO THE DIRECTORS AND EQUITY OWNERS OF  
COMMONWEALTH PILARMA SECURITIES, LLC

February 27, 2018

Page 2

*Supplemental Information*

The information contained in The Computation of Net Capital Under Rule 15c 3-1 of the Securities and Exchange Commission (“Supplemental Information”) has been subjected to audit procedures performed in conjunction with the audit of the Company’s financial statements. The Supplemental Information is the responsibility of the Company’s management. Our audit procedures included determining whether the Supplemental Information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the Supplemental Information. In forming our opinion on the Supplemental Information, we evaluated whether the Supplemental Information, including its form and content is presented in conformity with 17 C.F.R. § 240.17a-5. In our opinion, the Computation of Net Capital Under Rule 15c3-1 of the Securities and Exchange Commission is fairly stated, in all material respects, in relation to the financial statements taken as a whole.



Morris & Morris, P.C.

Certified Public Accountants

We have served as the Company's auditor since 2016.

Needham Heights, MA 02494



COMMONWEALTH PHARMA SECURITIES, LLC

STATEMENT OF FINANCIAL CONDITION

December 31, 2017

ASSETS

Cash	\$	18,027
Prepaid expenses		<u>141</u>
Total Assets	\$	<u>18,168</u>

LIABILITIES AND MEMBER'S EQUITY

Accrued expenses	\$	<u>4,500</u>
Total Liabilities		<u>4,500</u>
Member's Equity		
Member contributions		92,897
Accumulated deficit		<u>(79,229)</u>
Total Member's Equity		<u>13,668</u>
Total Liabilities and Member's Equity	\$	<u>18,168</u>

See accompanying independent registered public accounting firm's report and notes to financial statements

COMMONWEALTH PHARMA SECURITIES, LLC

STATEMENT OF OPERATIONS

Year Ended December 31, 2017

Operating expenses:	
Regulatory expenses	965
Professional Fee-Audit	<u>4,500</u>
Net loss	\$ <u>5,465</u>

See accompanying independent registered public accounting firm's report and notes to financial statements

**COMMONWEALTH PHARMA SECURITIES LLC**  
**STATEMENT OF CHANGES IN MEMBER'S EQUITY**  
**Year Ended December 31, 2017**

	<u>Member</u> <u>Contributions</u>	<u>Accumulated</u> <u>Deficit</u>	<u>Total</u>
Balance, January 1, 2017	\$ 84,620	(73,764)	\$ 10,856
Net loss	-	(5,465)	(5,465)
Member contribution	<u>8,277</u>	<u>-</u>	<u>8,277</u>
Balance, December 31, 2017	\$ <u>92,897</u>	<u>(79,229)</u>	\$ <u>13,668</u>

See accompanying independent registered public accounting firm's report and notes to financial statements

COMMONWEALTH PHARMA SECURITIES LLC

STATEMENT OF CASH FLOWS  
January 1, 2017 to December 31, 2017

Cash flows from operating activities:	
Net loss	\$ (5,465)
Changes in operating assets and liabilities:	
Prepaid expenses	188
Accrued expenses	<u>(3,000)</u>
Net cash used for operating activities	<u>(8,277)</u>
Cash flows from financing activities:	
Member contributions	<u>8,277</u>
Net cash provided by financing activities	<u>8,277</u>
Net decrease in cash	-
Cash, beginning of year	<u>18,027</u>
Cash, end of year	\$ <u>18,027</u>

See Accompanying Independent Registered Public Accounting Firm's Report  
and Notes to Financial Statements

# COMMONWEALTH PHARMA SECURITIES, LLC

## NOTES TO FINANCIAL STATEMENTS

December 31, 2017

Note 1

### **Organization and nature of business**

Commonwealth Pharma Securities, LLC (the "Company") was formed in December 2002 and is a Delaware limited liability company. The Company acts as an agent for the issuer of corporate securities for private placements per membership agreement with the Financial Industry Regulatory Authority ("FINRA"). The Company is a registered broker under the Securities Exchange Act of 1934 and is a member of FINRA and Securities Investor Protection Corp ("SIPC).

Note 2

### **Summary of significant accounting policies**

#### **Method of Accounting**

The Financial Statements have been prepared in conformity with accounting principles generally accepted in the United States of America, as established by the Financial Accounting Standards Board (FASB), and issued in the FASB Accounting Standards codification (the "Codification"), utilizing the accrual basis method of accounting.

#### **Revenue recognition**

The Company recognizes revenue upon completion of private placement of corporate securities. Fees are charged based upon an agreed upon percentage of the proceeds of the transaction.

#### **Income taxes**

The sole member of the Company has elected to have the Company taxed as a single-member LLC. Accordingly, the Company is not subject to federal or state income taxes. All taxable income/loss and tax credits are reflected on the income tax returns of the member.

#### **Income tax positions**

The Financial Accounting Standards Board ("FASB") has issued a standard that clarifies the accounting and recognition of income tax positions taken or expected to be taken in the Company's income tax returns. The Company has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Company believes that the income tax positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse affect on the Company's financial condition, results of operations or cash flows. Accordingly, the Company has not recorded any reserves or related accruals for interest and penalties for uncertain income tax positions. If the Company incurs interest or penalties as a result of unrecognized tax positions the policy is to classify interest accrued with interest expense and penalties thereon with operating expenses. The Company is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

COMMONWEALTH PHARMA SECURITIES, LLC

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

December 31, 2017

Note 2

**Summary of significant accounting policies (continued)**

**Fair value of financial instruments**

The carrying amounts of financial instruments, including cash, prepaid expenses, and accrued expenses approximate fair value due to the short term nature of these assets and liabilities.

**Use of estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from these estimates.

**Subsequent events**

The Company has evaluated subsequent events through February 27, 2018, which is the date the financial statements were available to be issued, and has determined that there are no additional disclosures required.

Note 3

**Net capital requirements**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of a minimum net capital balance and requires that the Company's aggregate indebtedness to net capital, as defined, shall not exceed 15 to 1.

At December 31, 2017 the Company's net capital was \$13,527, which was \$8,527 in excess of its required net capital of \$5,000. The Company's aggregate indebtedness to net capital was 0.3327 to 1.

Note 4

**Related party transactions**

The Company is under 100% common ownership with Apeiron Partners LLC ("Apeiron"). The Company has a management agreement with Apeiron, whereby Apeiron assumes and pays all expenses related to the day to day operations of the Company. In exchange, the Company is obligated to pay Apeiron a fee equal to the costs incurred by Apeiron plus an additional amount, which will reflect the time and effort of Apeiron based upon an allocation of time spent by Apeiron employees. No amounts were paid to Apeiron under this agreement during 2017.

COMMONWEALTH PHARMA SECURITIES, LLC

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

December 31, 2017

Note 5      **Concentrations of credit risk**

The Company maintains its cash at financial institutions in bank deposits which may exceed federally-insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant risk with respect to cash.

Note 6      **Statement of Cash Flows**

For the year ended December 31, 2017, the Company did not have any significant non-cash investing or financing activities.

COMMONWEALTH PHARMA SECURITIES, LLC

**COMPUTATION OF NET CAPITAL PURSUANT TO  
UNIFORM NET CAPITAL RULE 15c3-1**

Year Ended December 31, 2017

Capital		
Member contributions		\$ 92,897
Accumulated deficit		<u>(79,229)</u>
		13,668
Deductions and charges:		
Nonallowable assets:		
Prepaid expenses		<u>(141)</u>
Net capital		\$ <u>13,527</u>
Aggregate indebtedness		
Accrued expenses		\$ <u>4,500</u>
Computation of basic net capital requirement		
Minimum net capital required		\$ 300
Minimum dollar net capital required		5,000
Net capital requirement		5,000
Excess net capital		\$ <u>8,527</u>
Net capital less 120% of minimum dollar net capital required		\$ <u>7,527</u>
Ratio of aggregate indebtedness to net capital		0.3327 to 1
<b>Reconciliation with Company's computation (included in part II of Form</b>		
Net capital, as reported in Company's part II (unaudited) focus report		\$ <u>13,527</u>
Net capital per above		\$ <u>13,527</u>



REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON  
EXEMPTION REPORT

February 27, 2018

TO THE DIRECTORS AND EQUITY OWNERS OF  
COMMONWEALTH PHARMA SERVICES, LLC  
33 Broad St, Suite 1100  
Boston, MA 02109

We have reviewed management's statements, included in the accompanying "Exemption Under Rule 15c3-3", in which Commonwealth Pharma Securities, LLC (the Company) identified the following provisions of 17 C.F.R. §15c3(k)(2)(i) under which the Company claimed an exemption from 17 C.F.R. §240.15c3-3: (1) (the "exemption provision") and the Company stated that it met the identified exemption provisions throughout the most recent fiscal year without exception. The Company's management is responsible for compliance with the exemption provisions and its statements.

Our review was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and, accordingly, included inquiries and other required procedures to obtain evidence about the Company's compliance with the exemption provisions. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's statements. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to management's statements referred to above for them to be fairly stated, in all material respects, based on the conditions set forth in paragraph (k)(2)(i) of Rule 15c3-3 under the Securities Exchange Act of 1934.

  
Certified Public Accountants

32 Kearney Road • Needham Heights, MA 02494 • (781) 455-6900 • Fax (781) 455-6902



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## Assertions Regarding Exemption Provisions

I, as the Chief Compliance Officer and Chief Financial Officer of Commonwealth Pharma Securities LLC ("the Company"), am responsible for compliance with the annual reporting requirements under Rule 17a-5 of the Securities Exchange Act of 1934. Those requirements compel a broker or dealer to file annual reports with the Securities Exchange Commission (SEC) and the broker or dealer's designated examining authority (DEA). One of the reports to be included in the annual filing is an exemption report prepared by an independent public accountant based upon a review of assertions provided by the broker or dealer. Pursuant to that requirement, the management of the Company hereby makes the following assertions:

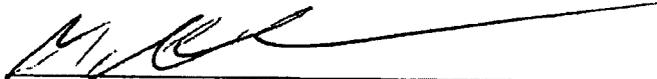
### **Identified Exemption Provision:**

The Company claims exemption from the custody and reserve provisions of Rule 15c3-3 by operating under the exemption provided by Rule 15c3-3, Paragraph (k)(2)(i).

### **Statement Regarding Meeting Exemption Provision:**

The Company met the identified exemption provision without exception throughout the period from January 1, 2017 to December 31, 2017.

By:



Peter F, Flynn, CCO/CCO

February 27, 2018

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: **Commonwealth Pharma Securities, LLC**

OFFICIAL USE ONLY
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

**33 Broad Street**

(No. and Street)

**Boston**

**MA**

**02109-4230**

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Peter F. Flynn

(617)367-0099

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

**Morris & Morris, P.C.**

(Name - if individual, state last, first, middle name)

**32 Kearney Rd**

**Needham**

**MA**

**02494**

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:



Certified Public Accountant



Public Accountant



Accountant not resident in United States or any of its possessions.

**FOR OFFICIAL USE ONLY**

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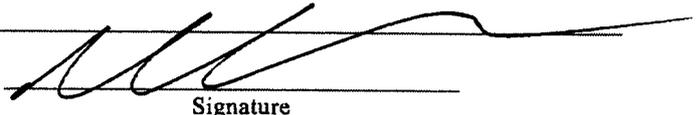
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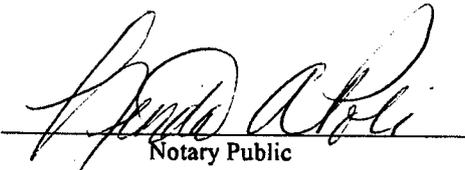
OATH OR AFFIRMATION

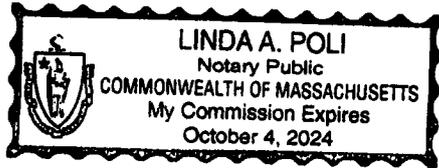
I, Peter Flynn, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Commonwealth Pharma Securities, LLC, as of December 31, 2017, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

  
Signature

CCO  
Title

  
Notary Public



This report \*\* contains (check all applicable boxes):

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
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- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

On this 28th day of February 2018 appeared before me Peter F Flynn, known to me, and acknowledged that he signed it voluntarily for the stated purpose.